

Worksession

Agenda Item #	8
Meeting Date	15 November 2004
Prepared By	Sara Anne Daines ECD Director
Approved By	Barbara B. Matthews City Manager

Discussion Item	Contract for Rents Analyst - Capital Improvement /Hardship Rent Increase Petitions
Background	<p>The Rent Stabilization Ordinance (Chapter 6 Article 5) allows landlords to petition for rent increases in excess of the annual rent increase allowance. This can be done through the submission of either a capital improvement petition or a hardship petition. The capital improvement petition allows for the recapture of the costs of certain improvements made to a rental facility. A hardship petition provides landlords with an opportunity to maintain the net operating income generated by his or her rental property.</p> <p>To facilitate this process the City contracts with an accountant to review all rent increase petitions, conduct an analysis of the financial information submitted by the petitioner, and prepare a formal administrative decision regarding the request. The analysis is completed in partnership with the Executive Director of the Commission on Landlord and Tenant Affairs (COLTA) which issues the final decision regarding all rent increase petitions. This analysis is currently conducted by Mr. John R. Varghese, Comilang and Associates, under contract with the City of Takoma Park. Funding for this service (\$17,000) was included in COLTA's FY05 budget.</p> <p>A Request for Proposals for this service was issued by the City of Takoma Park with responses due November 15th. Additional information on the proposals received by the deadline will be presented at the Council's worksession.</p>
Policy	<p>"To protect tenants from unwarranted rent increases while also allowing rent levels which provide landlords with a fair return on their investment."</p> <p style="text-align: right;"><i>City Code Section 6-505 (c)(1)</i></p>
Fiscal Impact	A total of \$30,000 is included in the FY05 Budget (#5300) for contractual costs incurred by COLTA. Of this amount \$17,000 was earmarked for costs incurred in the financial analysis of capital improvement and hardship rent increase petitions.
Attachments	RFP - Scope of Services Summary
Recommendation	The execution of any contract will require a two reading ordinance (scheduled for November 22 and December 13).

Request for Proposals Rents Analyst Background & Scope of Work

The City of Takoma Park, Maryland, is requesting proposals from individuals or firms to serve as a rent stabilization analyst as related to the capital improvement rent increase and hardship petition process as outlined under Chapter 6 Housing, Article 5 “Rent Stabilization” of the Takoma Park City Code.

Takoma Park is a community of 17,299 people. Rental housing, which comprises over 50% of the community’s housing stock, varies in size from single family residences to high rise multi-family apartment buildings. The rents of roughly 80% of the rental housing units are covered by the City’s rent stabilization ordinance which regulates the amount of rent increases that may be assessed on an annual basis. The ordinance allows landlords to petition for higher rent increases to recoup the cost of eligible capital improvements. Approximately 40-60 capital improvement petitions are filed each year by landlords. In the past, the number of hardship petitions submitted has been minimal though the number of petitions is anticipated to increase this coming year. Additional information on Takoma Park’s Rent Stabilization Ordinance can be found at <http://207.176.67.2/clerk/code/ch6/article5.pdf>

The selected firm will, in accordance Chapter 6 Article 5 of the City of Takoma Park Code and the corresponding regulations, conduct a financial analysis of the financial information submitted by local landlords seeking a capital improvement or hardship rent increase and prepare a formal administrative decision regarding the request. Analysis will be completed in partnership with the Executive Director of the Commission on Landlord and Tenant Affairs (COLTA) which issues the final decision regarding all rent increase petitions.

The selected individual or firm will:

1. Coordinate all assignments with City staff, the landlord, and COLTA’s Executive Director. Services shall be performed in accordance with approved procedures and within established time frames.
2. Review all petitions for capital improvement and hardship rent increases (“rent petitions”) filed in accordance with Chapter 6 Article 5 of the City of Takoma Park Code. Analyze documentation submitted to support income and expenses listed on such rent petitions. Prepare proposed Preliminary Administrative Decisions (PAD) on requested rent increases setting forth findings and recommendations for approval, modifications or denial of the requested increase. Coordinate the processing and review of rent petitions with COLTA Executive Director, City staff and landlord as necessary and appropriate.
3. Attend COLTA hearings and business meetings as requested.
4. Review, comment and make recommendations, upon request, on existing or proposed City laws and regulations relating to rent stabilization or the rent petition process. Attend City Council meetings to discuss said recommendations upon request.